Benefits from CAFTA-DR
Maine

U.S. Department of Commerce
International Trade Administration
March 2005

Maine's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled $31 million in 2004. Exports grew by $19 million from 2000 to 2004. This represents a five-year gain of 146 percent, the seventh-fastest growth nationally. This gain in merchandise exports to the CAFTA-DR region from 2000 to 2004 was roughly nine times greater than the 16 percent rise in total U.S. exports to the region over the period.

Individually, a number of the CAFTA-DR markets are important trading partners for Maine. In 2004, the Dominican Republic alone imported merchandise from Maine totaling $26 million and was the state's 14th-largest market.

CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Maine's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

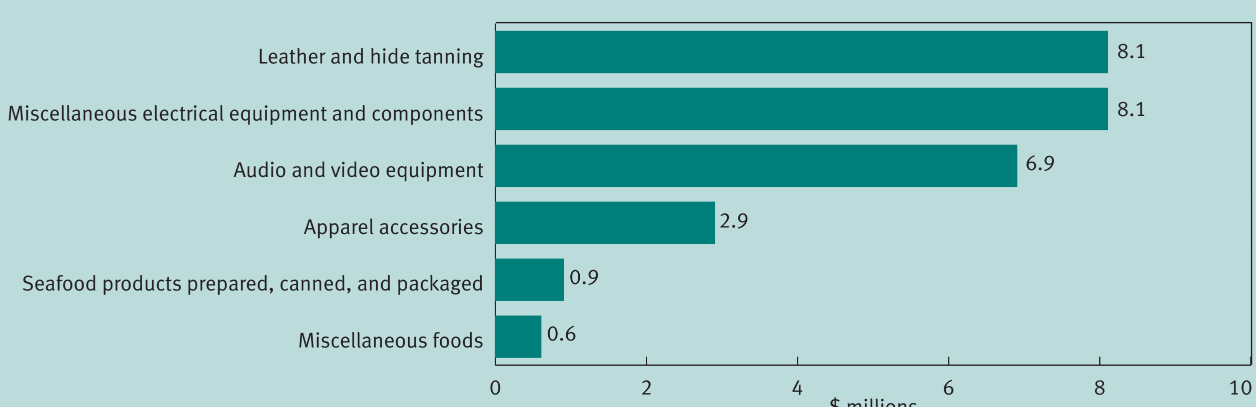
For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant average tariffs.

CAFTA-DR Opens Markets for Key Maine Exports

Manufactured goods accounted for 99 percent of Maine's merchandise exports to the CAFTA-DR region in 2004.

Continued on reverse

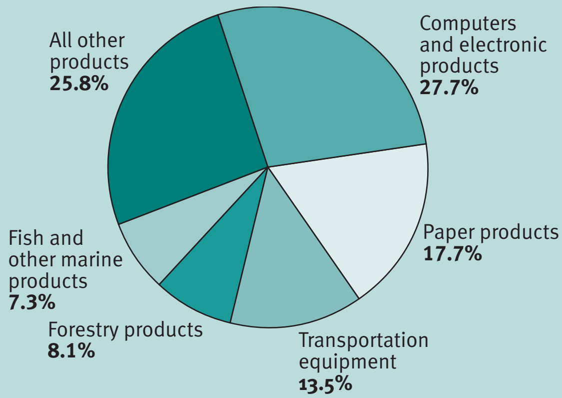
Maine Exported $31.0 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Tanned Leather and Hides, Electrical Equipment and Components Top the List



Source: U.S. Department of Commerce.

Maine Exported $2.4 Billion in Goods to the World in 2004

Computers Account for More Than One-Fourth



Source: U.S. Department of Commerce.

Leather and hide tanning. The state's top manufactured export category to the CAFTA-DR group is leather and hide tanning. In 2004, Maine exported leather and hide tanning products to this region valued at $8.1 million, an increase of $5.2 million from 2000. These products alone accounted for 26 percent of Maine's total exports to the region (including non-manufactures). CAFTA-DR tariff reductions will improve the competitiveness of leather and hide tanning products in the regional marketplace.

Paper products. Globally, Maine exported $429 million worth of paper products in 2004, making it the state's second largest export category. Maine's paper producers will benefit from CAFTA-DR. Overall, 78 percent of U.S. exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on high value paper products including writing paper, coated paper, paperboard, cartons, and boxes will, in most cases, be phased out immediately or in 5 years.

Fish and other marine products. Overall, 90 percent of U.S. fish exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the agreement. Demand in Central America and the Dominican Republic for imported processed products has been expanding substantially in recent years, despite high tariffs. Central American and Dominican Republic tariffs on fish currently average 9.9 to 16.6 percent, depending on the country. U.S. suppliers of processed food, including canned and packaged seafood products, will benefit from CAFTA-DR tariff elimination provisions.

Other manufactures. Other top manufactured exports from Maine to the CAFTA-DR region in 2004 were miscellaneous electrical equipment and components ($8.1 million), audio and video equipment ($6.9 million), and apparel accessories ($2.9 million). All of these exports have experienced strong growth since 2000: miscellaneous electrical equipment and components (up $7.2 million), audio and video equipment (up $6.9 million), and apparel accessories (up $2.8 million). CAFTA-DR tariff elimination provisions will improve the competitiveness of these products in the CAFTA-DR marketplace.

Maine's Exports Were Spurred by the North American Free Trade Agreement

Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Maine's combined exports to Canada and Mexico have increased 122 percent.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.